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## **News Release**

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### **Prior Lake woman pleads guilty to stealing more than \$470,000 in mortgage fraud scam**

On October 23, a 45-year-old Prior Lake woman appeared in federal court in St. Paul, where she pleaded guilty to stealing more than \$470,000 in money designated for payment of title insurance premiums. Roseann Wagner entered her plea before United States District Court Judge Paul Magnuson. She pleaded guilty to one count of wire fraud and one count of failure to file a tax return. Wagner was charged on October 13, 2009.

In her plea agreement, Wagner admitted operating a scheme to defraud mortgage lenders, borrowers, and a title insurance underwriter from January 2007 to December 2007. Wagner, a licensed insurance agent, owned and operated Tri-Star Title, a title insurance agency. Tri-Star was the insurance agent for Stewart Title Guaranty Co., a Houston, Texas, title insurance underwriting company.

In a mortgage transaction, title insurance protects the lender's financial interest in the property. The person or entity that obtains the mortgage is required to pay title insurance premiums as part of closing costs. The cost of those premiums is included in the amount financed by the lender.

Wagner accepted more than a total of \$470,000 from lenders at hundreds of closings, knowing the money was to be used to pay closing costs, including title insurance premiums. Instead, however, she used the money for her own benefit. Initially, because of Wagner's fraud, the title insurance premiums, title search costs, and recording fees on hundreds of residential mortgage transactions went unpaid. When Stewart Title Guaranty discovered Wagner had misappropriated the funds, however, it absorbed the losses of all the borrowers and paid the title insurance premiums and other expenses.

In order to effect the fraud scheme, Wagner used interstate wire communications. For example, on October 15, 2007, she wire transferred \$30,000 from a Tri-Star account to her

personal bank account. Moreover, she failed to file a tax return or pay taxes on more than \$270,000 in 2007. The tax loss from her under reporting of income was at least \$70,000.

Wagner faces a potential maximum penalty of 20 years in prison for her crime. Judge Magnuson will determine her sentence at a future date. This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division and the Minnesota Department of Commerce. It is being prosecuted by Assistant U.S. Attorney Tim Rank.